VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – Conference Call, Treasurer's Conference Room

November 10, 2022 – 9:00 a.m.

Please note all member participated via telephone, video, or teleconference:

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2024)

BETH PEARCE, VT State Treasurer

ERIC DAVIS, VSEA Representative (term expiring September 30, 2023)

THOMAS MOZZER, VSEA Representative (term expiring September 30, 2023)

BETH FASTIGGI, Commissioner of Human Resources

ADAM GRESHIN, Commissioner of Finance and Management

JAY WISNER, Governor's Delegate position

ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2024)

JOHN VORDER BRUEGGE, VSEA Alternate Representative (term expiring September 30, 2024)

Members absent:

JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2024)

Also attending:

Tim Duggan, Director, Vermont Retirement Systems

Nicole Weidman, Director of Retirement Operations and Policy

Eric Henry, Chief Investment Officer, VPIC

Stephen Barry, Financial Administrator, Retirement Division

Owen Doherty, Executive Assistant to the Treasurer

Briana Howard, Retirement Specialist, Retirement Division

Alana Alger, Program Technician, Retirement Division

Gabe D'Ulisse, Empower Retirement

Melissa Chiumento, Empower Retirement

Joseph Fein, Empower Retirement

Brian Ficek, Empower Retirement

Ronald Sanville, Empower Retirement

Rocco Attanasio, Empower Retirement

Ann Arch, Empower Retirement

The Chair, Roger Dumas, called the Thursday, November 10, 2022 meeting to order at 9:05 a.m., which was held by conference call and in-person at the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Davis, seconded by Mr. Greshin, the Board voted unanimously to approve the agenda.

ITEM 2: Approve the Minutes of:

October 27, 2022

On a motion made by Mr. Davis, seconded by Mr. Greshin, the Board voted unanimously to approve the minutes.

Mr. Wisner joined the meeting at 9:07 a.m.

ITEM 3: Empower Quarterly Presentation – 457(b) & SDIA 3rd Quarter Report

Mr. D'Ulisse and the Team from Empower provided an update to the Board on regarding the transition to Empower and the Quarterly Presentation for the 457(b) and the SDIA for the 3rd quarter of 2022.

Ms. Pearce inquired about the security of the insurance wraps on the Stable Value fund and flagged this as an important topic considering current economic conditions.

Mr. Fein presented the investment report for the 457(b) Deferred Compensation plan. There are currently two Funds that are not meeting performance criteria: the PIMCO Total Return ESG Fund and the Lazard Emerging Markets Equity Portfolio, and Mr. Fein presented the reason for underperformance. Ms. Pearce verified that risks are being communicated to members about certain investments

Link: 457(b) 3rd Quarter Report, SDIA 3rd Quarter Report

The Empower team left the meeting at 10:08 a.m.

ITEM 4: FY 2024 ADEC Letter Review

Mr. Duggan brought the FY 2024 ADEC letter to the Governor before the Board for certification. He explained that because of the statutory language around the additional contribution of \$9 million on top of the ADEC, he thought it was prudent for the Board to certify the amounts recommended.

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to to certify the actuarially determined employer contribution (ADEC) of \$121,873,370 and additional payment of \$9,000,000 as reflected in the November 1, 2022 letter to the Governor.

ITEM 5: Dental Insurance Contract

Mr. Duggan presented the contract with Northeast Delta Dental which holds dental insurance rates flat and locks them in for a three-year period.

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to approve the contract with Northeast Delta Dental as presented by staff and to authorize the Chair to execute on the Board's behalf.

<u>ITEM 6:</u> Disability Recommendation(s) from the October 20, 2022 meeting of the Medical Review Board:

David Fox (new)

On a motion made by Mr. Davis, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the Medical Review Board for the disability retirement for David Fox.

ITEM 7: Adjournment

Mr. Duggan introduced Ms. Weidman as the Retirement Division's new Director of Operations and Policy.

The Board discussed the November 1, 2022 VPIC meeting and the impact of recent economic trends on actuarial experience and the assumptions that are currently in place when valuing the Fund.

Mr. Barry announced a statutorily required Ethics training for all members of the Board.

On a motion made by Ms. Pearce, seconded by Mr. Davis, the Board voted unanimously to adjourn at 10:30 a.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on December 8, 2022 at 9:00 a.m. Respectfully submitted,

Stephen Barry

Financial Administrator I